



U.S. Small Business Administration
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Small Business Research Summary

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FINANCIAL SUCCESS AND BUSINESS OWNERSHIP AMONG VIETNAM AND OTHER VETERANS

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I. Purpose of Study

The study investigates the extent to which veterans have become owners of small businesses and how their financial success as business owners compares with non-veteran business owners. Financial success of veterans and non-veterans is compared in terms of self-employment income and wage income. The objective is to determine the degree to which self-employment has provided veterans with a vehicle for attaining economic equity with the rest of the population. The study also analyzes the types of occupations and businesses which veterans have chosen.

II. Highlights

Principal findings of the study are as follows:

- o Veterans are less likely to become self-employed than non-veterans.
- o For the Vietnam era 8.9 percent of the white male veterans and 13.9 percent of the same group of non-veterans were self-employed.
- o Nonwhite male veterans and disabled veterans were less likely to become self-employed than their non-veteran counterparts.
- o Female veterans in total are more likely than female non-veterans to become self-employed.
- o Veterans of all war periods (Vietnam, between Vietnam and Korea, Korea, and World War II) have better incomes as wage earners than as self-employed persons.

- o Self-employed veterans of all war periods except Vietnam earned more on average than non-veterans of the same age group.
- o Self-employed veterans and non-veterans with the same personal characteristics in addition to age, such as experience, education, marital status and geographic location, have incomes that are not significantly different.

III. Scope and Methodology

The study is designed to measure differences in income and self-employment frequencies of veterans and non-veterans that can be attributed to military experience. It analyzes data from the 1980 Public Use Microdata Samples (PUMS)--using a 5 percent sample and two 1 percent samples of the nation. The entire 7 percent sample of the PUMS data was used for analysis of veterans from 21 to 65 years of age for four war periods: Vietnam, between Vietnam and Korea, Korea, and World War II. For each war period samples were chosen for white males, nonwhite males, white females, nonwhite females and the disabled who can work. Non-veteran samples were created with the same distributional characteristics of age as the veterans sample.

Two basic techniques were used to analyze the data. A univariate technique was used to compare average incomes and self-employment rates for veterans and non-veterans. Multivariate regression was used to analyze the effect of veteran status on income or the likelihood of self-employment while controlling for other factors.

IV. Summary

For veterans, the overall rate of self-employment is lower than for the general population. There is no difference in the incomes of self-employed veterans and non-veterans with comparable personal characteristics. Veteran status increases wage income but lowers self-employment income of nonwhites. For all war periods self-employment incomes of female veterans are higher than the incomes of female non-veterans. Disabled veterans and non-veterans are more likely to be self-employed than the non-disabled.

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